Section 9. Trade Adjustment Assistance

The Trade adjustment assistance (TAA) programs were first established under the Trade Expansion Act of 1962 for the purpose of assisting in the special adjustment problems of workers and firms adversely affected by Federal policies to reduce import restrictions. As a result of limited eligibility and usage of the programs, criteria and benefits were liberalized under Title II of the Trade Act of 1974, Public Law 93-618.

The Omnibus Budget Reconciliation Act of 1981 (OBRA 81), Public Law 97-35, reformed the program for workers as proposed by the Administration. Under the program prior to October 1, 1981, income support payments were a supplement to State unemployment insurance (UI) and were paid concurrently during weeks the worker was eligible for UI. A fundamental change under the 1981 amendments made trade readjustment allowance (TRA) benefits a continuation of the UI program once UI benefits are exhausted. These and other amendments, particularly in program eligibility and benefits, were intended to reduce program cost significantly and to shift its focus from income compensation for temporary layoffs to a return to work through training and other adjustment measures for the long-term or permanently unemployed. The OBRA 81 also made relatively minor modifications in the program for firms. Most amendments became effective on October 1, 1981. Both programs were extended at that time for 1 year, to terminate on September 30, 1983.

Public Law 98-120 (H.R. 3813 as amended by the Senate), approved on October 12, 1983, extended the worker and firm

TAA programs for 2 years until September 30, 1985. Sections 2671-2673 of the Deficit Reduction Act of 1984, Public Law 98-369, included three provisions (sections 3, 6, and 8 of H.R. 3391 as passed by the House on September 15, 1983) which amended the program for workers to increase the availability of worker training allowances and the level of job search and relocation benefits, and amended the program for firms to increase the availability of industrywide technical assistance.

The termination date of the worker and firm TAA programs was further extended under temporary legislation in the first session of the 99th Congress (Public Laws 99-107, 99-155, 99-181, and 99-189) until December 19, 1985. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA 85), Public Law 99-272, approved April 7, 1986, reauthorized the TAA programs for workers and firms for 6 years retroactively from December 19, 1985, until September 30, 1991, with amendments.

Sections 1421-1430 of Public Law 100-418, the Omnibus Trade and Competitiveness Act of 1988 (OTCA 88), enacted on August 23, 1988, made significant amendments in the worker TAA program, particularly concerning the eligibility criteria for cash benefits, funding, and administration. A training requirement as a condition for income support to encourage and enable workers to obtain early reemployment became effective under the OTCA 88 amendments as of November 21, 1988,

replacing a 1986 amendment that instituted a job search requirement as a condition for receiving cash benefits. The amendments also expanded TAA coverage of workers and firms, contingent upon the imposition of an import fee to fund program costs. The OTCA 88 extended TAA program authorization for an additional 2 years until September 30, 1993.

Section 136 of the ``Customs and Trade Act of 1990,'' Public Law 101-382, approved August 20, 1990, extended the completion and reporting period for the supplemental wage allowance demonstration projects for workers required by the 1988 amendments. No other amendments affecting the TAA programs were enacted in the 101st Congress or in the first session of the 102d Congress. Section 106 of Public Law 102-318, to extend the emergency unemployment compensation program, provided for weeks of active military duty in a reserve status (including service during Operation Desert Storm) to qualify toward the minimum number of weeks of prior employment required for TAA eligibility. No other changes were made to the program during the 102d Congress.

Section 13803 of the Omnibus Budget Reconciliation Act (OBRA 1993) of 1993, Public Law 103-66, approved August 10, 1993, reauthorized the TAA programs for workers and firms for an additional 5 years through fiscal year 1998, with assistance to terminate on September 30, 1998. Section 13803 of the OBRA

1993 also reduced the level of the ``cap'' on training entitlement funding from $80 million to $70 million for fiscal year 1997 only.

Sections 501 through 506 of the North American Free Trade Agreement (NAFTA) Implementation Act, Public Law 103-182, approved December 8, 1993, set forth the ``NAFTA Worker Security Act'', establishing the NAFTA transitional adjustment assistance program as a new subchapter D (section 250) under chapter 2 of Title II of the Trade Act of 1974.

TRADE ADJUSTMENT ASSISTANCE PROGRAM FOR WORKERS

Trade adjustment assistance for workers under sections 221 through 250 of the Trade Act of 1974, as amended, consists of trade readjustment allowances (TRA), employment services, training and additional TRA allowances while in training, and job search and relocation allowances for certified and otherwise qualified workers. The program is administered by the Employment and Training Administration (ETA) of the Department of Labor through State agencies under cooperative agreements between each State and the Secretary of Labor. ETA processes petitions and issues certifications or denials of petitions by groups of workers for eligibility to apply for TAA. The State agencies act as Federal agents in providing program information, processing applications, determining individual worker eligibility for benefits, issuing payments, and providing reemployment services and training opportunities.

Certification requirements

A two-step process is involved in the determination of whether an individual worker will receive trade adjustment assistance: (1) certification by the Secretary of Labor of a petitioning group of workers in a particular firm as eligible to apply; and (2) approval by the State agency administering the program of the application for benefits of an individual worker covered by a certification.

The process begins by a group of three or more workers, their union, or authorized representative filing a petition with the ETA for certification of group eligibility. To certify a petitioning group of workers as eligible to apply for adjustment assistance, the Secretary must determine that three conditions are met:

1. A significant number or proportion of the workers in the firm or subdivision of the firm have been or are threatened to be totally or partially laid off;

2. Sales and/or production of the firm or subdivision have decreased absolutely; and

3. Increased imports of articles like or directly competitive with articles produced by the firm or subdivision of the firm have ``contributed importantly'' to both the layoffs and the decline in sales and/or production.

The OTCA 88 amendments expanded the potential eligibility coverage also to include workers in any firm or subdivision of a firm that engages in exploration or drilling for oil or natural gas.

TABLE 9-1.--NUMBER OF PETITIONS INSTITUTED AND CERTIFIED AND ESTIMATED NUMBER OF WORKERS PETITIONING AND CERTIFIED FOR TRADE ADJUSTMENT ASSISTANCE FROM 1975 THROUGH 1993

Cases instituted		Cases certified		
Calendar year				
Petitions	Estimated workers	Petitions	Percent\1\	Estimated workers
1975				
528	210,988	121	50	54,843
1976				
1,014	218,544	430	46	143,579
1977				
1,289	227,562	411	38	143,716
1978				
1,732	171,315	854	42	164,416
1979				
2,119	320,714	844	41	221,481
1980				
5,347	1,027,277	935	29	585,392
1981				
1,134	132,222	260	9	32,992
1982				
1,030	170,155	254	20	20,004
1983				
959	164,096	482	35	57,094
1984				
504	43,812	337	52	15,758
1985				
1,392	123,736	491	60	32,098
1986				
1,774	166,077	829	39	74,017

1987.....				
1,535	190,881	682	39	86,283
1988.....				
1,948	180,190	658	52	70,486
1989.....				
1,458	142,422	848	41	69,199
1990.....				
1,466	151,724	574	40	62,813
1991.....				
1,479	144,849	585	39	56,444
1992.....				
1,448	120,614	721	50	48,772
1993.....				
1,207	135,880	527	43	69,416
Total.....				
29,363	4,043,058	10,843	37	2,008,803

\1\Estimated percent of petitioning workers certified under completed cases; figures are not precise but indicate the trend.

TABLE 9-2.--ESTIMATED NUMBER OF WORKERS CERTIFIED BY MAJOR INDUSTRIES, 1975-93

	Thousands
Total estimated number of workers certified, 1975-93.....	2,009
Certifications by major industries:	
Automobiles.....	782

Apparel.....
273

Steel.....
175

Footwear.....
112

Electronics.....
103
    Oil and
gas.....
74
    Fabricated metal
products..... 56

Textiles.....
39

Source: Department of Labor.

    The Secretary is required to make the eligibility determination within 60 days after a petition is filed. A certification of eligibility to apply for TAA covers workers
who meet the requirements and whose last total or partial separation from the firm or subdivision before applying for benefits occurred within 1 year prior to the filing of the petition.
    State agencies must give written notice by mail to each worker to apply for TAA where it is believed the worker is covered by a certification of eligibility and must publish notice of each certification in newspapers of general circulation in areas where certified workers reside. State agencies must also advise each adversely affected worker, at
the time that worker applies for UI, of TAA program benefits
and the procedures, deadlines, and qualifying requirements

for
applying, advise each such worker to apply for training before
or at the same time that worker applies for TRA benefits, and
promptly interview each certified worker and review suitable
training opportunities available.

Qualifying requirements for trade readjustment allowances

In order to receive entitlement to payment of a trade readjustment allowance for any week of unemployment, an individual must be an adversely affected worker covered by a
certification, file an application with the State agency, and
meet the following qualifying requirements:

1. The worker's first qualifying separation from adversely
affected employment occurred within the period of the certification applicable to that worker, i.e., on or after the
``impact date'' in the certification (the date on which total
or partial layoffs in the firm or subdivision thereof began or
threatened to begin, but never more than 1 year prior to the
date of the petition), within 2 years after the date the Secretary of Labor issued the certification covering the worker, and before the termination date (if any) of the certification.

2. The worker was employed during the 52-week period preceding the week of the first qualifying separation at least
26 weeks at wages of $30 or more per week in adversely affected
employment with a single firm or subdivision of a firm. A week
of employment includes the week in which layoff occurs and

up
to 7 weeks of employer-authorized vacation, sickness, injury,
maternity, or military service for training, or service as a
full-time union representative. Weeks of disability covered by
workers' compensation and, as amended in 1992, weeks of active
duty in a military reserve status may also count toward the 26-
week minimum.

3. The worker was entitled to unemployment insurance, has
exhausted all rights to any UI entitlement, including any
extended benefits (EB) or Federal supplemental compensation
(FSC) (if in existence), and does not have an unexpired waiting
period for any UI.

4. The worker must not be disqualified for EB with respect
to the particular week of unemployment by reason of the work
acceptance and job search requirements under section 202(a)(3)
of the Federal-State Extended Unemployment Compensation Act of
1970. All TRA claimants in all States are subject to the
provisions of the EB ``suitable work'' test under that Act
(i.e., must accept any offer of suitable work, actively engage
in seeking work, and register for work) after the end of their
regular UI benefit period as a precondition for receiving any
weeks of TRA payments. The EB work test does not apply to
workers enrolled or participating in a TAA-approved training
program; the test does apply to workers for whom TAA-approved
training is certified as not feasible or appropriate.

5. The worker must be enrolled in, or have completed following separation from adversely affected employment within the certification period, a training program approved by the Secretary of Labor in order to receive basic TAA payments, unless the Secretary has determined and submitted a written statement to the individual worker certifying that approval of training is not ``feasible or appropriate'' (e.g., training is not available that meets the criteria for approval, funding is not available to pay the full training costs, there is a reasonable prospect that the worker will be reemployed by the firm from which separated). No cash benefits may be paid to a worker who, without justifiable cause, has failed to begin participation or has ceased participation in an approved training program until the worker begins or resumes participation, or to a worker whose waiver of participation in training is revoked in writing by the Secretary.

Cash benefit levels and duration

A worker is entitled to TRA payments for weeks of unemployment beginning the later of (a) the first week beginning more than 60 days after the filing date of the petition that resulted in the certification under which the worker is covered (i.e., weeks following the statutory deadline for certification), or (b) the first week after the worker's first total qualifying separation.

The TRA cash benefit amount payable to a worker for a week of total unemployment is equal to, and a continuation of, the most recent weekly benefit amount of unemployment insurance

payable to that worker preceding that worker's first exhaustion of UI following the worker's first total qualifying separation under the certification, reduced by any Federal training allowance and disqualifying income deductible under UI law.

The maximum amount of basic TRA benefits payable to a worker for the period covered by any certification is 52 times the TRA payable for a week of total unemployment minus the total amount of UI benefits to which the worker was entitled in the benefit period in which the first qualifying separation occurred (e.g., a worker receiving the normal 26 weeks of UI benefits could receive 26 weeks of basic TRA benefits thereafter; a worker receiving 39 weeks of UI regular and extended benefits could receive a maximum 13 weeks of basic TRA benefits). UI and TRA payments combined are limited to a maximum 52 weeks in all cases involving extended compensation benefits (i.e., a worker who received 52 or more weeks of unemployment benefits would not be entitled to basic TRA). TRA benefits are not payable to workers participating in on-the-job training.

The 1988 amendments essentially restored the movable 2-year eligibility period for collecting basic TRA in effect prior to the 1981 amendments (i.e., restored eligibility to the most recent rather than from the first qualifying separation). The eligibility period for collecting basic TRA is the 104-week period that immediately follows the week in which a total qualifying separation occurs. If the worker has a subsequent total qualifying separation under the same certification, the

eligibility period for basic TRA moves from the prior eligibility period to 104 weeks after the week in which the subsequent total qualifying separation occurs.

A worker may receive up to 26 additional weeks of TRA benefits after collecting basic benefits (up to a total maximum of 78 weeks of UI and TRA benefits combined) if that worker is participating in approved training, in order to assist in completing such training. To receive the additional benefits, the worker must apply for the training program within 210 days after certification or first qualifying separation, whichever date is later. Additional benefits may be paid only during the 26-week period that follows the last week of entitlement to basic TRA, or that begins with the first week of training if the training begins after the exhaustion of basic TRA.

A worker participating in approved training continues to receive basic and additional TRA payments during breaks in such training if the break does not exceed 14 days, if the worker was participating in the training before the beginning of the break, resumes participation in the training after the break ends, and the break is provided for in the training schedule. Weeks when TRA is not payable because of this break provision count against the eligibility periods for both basic and additional TRA.

TABLE 9-3.--TOTAL OUTLAYS FOR TRADE READJUSTMENT ALLOWANCES, NUMBER OF RECIPIENTS, AVERAGE WEEKLY PAYMENTS AND DURATION,

FISCAL YEARS 1976
THROUGH 1993

Fiscal year	Total outlays (millions)	Total number of recipients (thousands)	Average weekly payment per recipient
1975 (4th quarter).....	$71	47	$58
1976\1\.....	79	62	47
1977.....	148	111	57
1978.....	257	155	68
1979.....	256	132	70
1980.....	1,622	532	126
1981.....	1,440	281	140
1982.....	103	30	119
1983.....	37	30	120
1984.....	35	16	139
1985.....	40	20	133
1986.....	118	40	144
1987.....	208	55	155
1988.....	186	47	

165		
1989.....	125	24
175		
1990.....	93	19
164		
1991.....	116	25
169		
1992\2\.....	43	9
163		
1993 (preliminary).....	51	10
157		

\1\Fiscal year 1976 is the first full year of experience under the program as amended by the Trade Act of 1974.

\2\The 1992 figures for TRA recipients and outlays are abnormally low because of Extended Unemployment Compensation (EUC) payments that were made to eligible workers in lieu of TRA payments. Average duration figures for 1992 are not available.

Note.--The above figures relate only to trade readjustment allowances; administrative expenses and outlays for employment services, training, and job search and relocation allowances are not included.

Source: Department of Labor.

Training and other employment services, job search and relocation allowances

Training and other employment services and job search and relocation allowances are available through State agencies to

certified workers whether or not they have exhausted UI benefits and become eligible for TRA payments.

Employment services consist of counseling, vocational testing, job search and placement, and other supportive services, provided for under any other Federal law.

Training, preferably on-the-job, shall be approved for a worker if the following six conditions are met:

(1) There is no suitable employment available;

(2) The worker would benefit from appropriate training;

(3) There is a reasonable expectation of employment following training completion;

(4) Approved training is reasonably available from government agencies or private sources;

(5) The worker is qualified to undertake and complete such training; and

(6) Such training is suitable for the worker and available at a reasonable cost.

If training is approved, the worker is entitled to payment of the costs from the Secretary directly or through a voucher system, unless they have been paid or are reimbursable under another Federal law. On-the-job training costs are payable only if such training is not at the expense of currently employed workers. Remedial education is a separate and distinct approvable training program.

Approved training is an entitlement in any case where the six criteria for approval are reasonably met, up to an $80 million statutory ceiling ($70 million in fiscal year 1997) on annual fiscal year training costs (including job search and relocation allowances and subsistence payments) payable

from
TAA funds. Up to this limit, workers are entitled to have the
costs of approved training paid on their behalf. If the
Secretary foresees that the $80 million ceiling will be
exceeded in any fiscal year, the Secretary can decide how
remaining TAA funds shall be apportioned among the States for
the balance of that year.

Costs of approved TAA training may be paid solely from TAA
funds, solely from other Federal or State programs or private
funds, or from a mix of TAA and public or private funds, except
if the worker in the case of a nongovernmental program would be
required to reimburse any portion of the costs from TAA funds.
Duplicate payment of training costs is prohibited, and workers
are not entitled to payment of training costs from TAA funds to
the extent these costs are paid or shared from other sources.
Training may still be approved if the fiscal year TAA funding
entitlement limit is reached if the training costs are paid
from outside sources.

Supplemental assistance is available to defray reasonable
transportation and subsistence expenses for separate
maintenance when training is not within the worker's commuting
distance, equal to the lesser of actual per diem expenses or 50
percent of the prevailing Federal per diem rate for subsistence
and prevailing mileage rates under Federal regulations for
travel expenses.

Job search allowances are available to certified

workers
who cannot obtain suitable employment within their commuting
area, are totally laid off, and who apply within 1 year after
certification or last total layoff, whichever is later, or
within 6 months after concluding training. The allowance for
reimbursement is equal to 90 percent of necessary job search
expenses, based on the same increased supplemental assistance
rates described above, up to a maximum amount of $800. The
Secretary of Labor is required to reimburse workers for
necessary expenses incurred to participate in an approved job
search program.

TABLE 9-4.--TRAINING, JOB SEARCH, AND RELOCATION ALLOWANCES: TOTAL
NUMBER OF WORKERS AND OUTLAYS, FISCAL YEARS 1976 THROUGH 1993

Fiscal year	Total number			Total outlays (millions)
	Entered training	Job searches	Relocations	
1975 (4th quarter)..	463	158	44	.....
1976.....	823	23	26	$2.7
1977.....	4,213	277	191	4.0
1978.....	8,337	1,072	631	12.8

1979.....	4,456	1,181	855	13.5
1980.....	\1\9,475	931	629	6.0
1981.....	\1\20,366	1,491	2,011	2.4
1982.....	5,844	697	662	19.4
1983.....	11,299	696	3,269	36.0
1984.....	6,821	799	2,220	17.0
1985.....	7,424	916	1,692	30.2
1986.....	12,229	1,276	2,292	28.6
1987.....	22,888	1,709	1,537	49.9
1988.....	9,538	1,156	1,347	54.4
1989.....	17,042	863	989	62.6
1990.....	18,057	565	1,245	57.6
1991.....	20,093	525	759	64.9
1992.....	18,582	594	751	70.2
1993.....	19,454	796	1,961	80.0
Total.....	210,471	14,881	22,782	617.2

\1\Of total workers entering training, 5,640 (59 percent) in 1980 and 18,940 (94 percent) in 1981 self-financed their training costs.

Source: Department of Labor.

Relocation allowances are available to certified workers totally laid off at time of relocation who have been able to obtain an offer of or actual suitable employment only outside their commuting area, who apply within 14 months after certification or last total layoff, whichever is later, or within 6 months after concluding training, and whose relocation takes place within 6 months after application or completion of training. The allowance is equal to 90 percent of reasonable and necessary expenses for transporting the worker, family, and household effects, based on the same increased supplemental assistance rates described above, plus a lump sum payment of three times the worker's average weekly wage up to a maximum amount of $800.

Funding

Federal funds, as an appropriated entitlement from general revenues under the Federal Unemployment Benefit Account (FUBA) under the ETA in the Department of Labor, cover the portion of the worker's total entitlement represented by the continuation of UI benefit levels in the form of TRA payments, as well as payments for training and job search and relocation allowances, and State related administrative expenses. Funds made available

under grants to States defray expenses of employment services and other administrative expenses. For fiscal year 1994, $189.9 million is appropriated for trade readjustment allowances, training, and job search and relocation allowances, and related administrative expenses.

The States are reimbursed from Treasury general revenues for benefit payments and other costs incurred under the program. A penalty under section 239 of the Trade Act of 1974 provides for reduction by 15 percent of the credits for State unemployment taxes which employers are allowed against their liability for Federal unemployment taxes if a State has not entered into, or has not fulfilled its commitments, under a cooperative agreement.

NAFTA WORKER SECURITY ACT

Subchapter D of chapter 2 (section 250) of title II of the Trade Act of 1974 establishes a NAFTA transitional adjustment assistance program for workers who may be adversely impacted by the NAFTA. Import-impacted workers may also petition for assistance under TAA, but cannot obtain benefits under both programs. Assistance under subchapter D shall terminate after the earlier of September 30, 1998, or the date on which legislation establishing a program providing all dislocated workers with comprehensive assistance substantially similar to the assistance provided under subchapter D becomes effective.

A group of workers (including workers in any agricultural

firm or subdivision of an agricultural firm) shall be certified as eligible to apply for adjustment assistance under subchapter D if the Secretary determines that a significant number or proportion of the workers in the firm or subdivision of the firm have become or are threatened to become totally or partially separated, and either:

1. Sales and/or production of the firm or subdivision have decreased absolutely, imports from Mexico or Canada of articles like or directly competitive with articles produced by such firm or subdivision have increased, and the increase in imports contributed importantly to the workers' separation or threat of separation and to the decline in the sales or production of the firm or subdivision; or

2. There has been a shift in production by the workers' firm or subdivision to Mexico or Canada of articles like or directly competitive with articles produced by the firm or subdivision.

The Administration intends to supplement the NAFTA program through administrative action to provide assistance to workers in secondary firms that supply or assemble products directly affected by the NAFTA, as well as to family farmers and farm workers adversely affected by the NAFTA who do not meet the eligibility requirements under the program.

A group of workers or their union or other duly authorized representative may file a petition for certification of eligibility to apply for adjustment assistance under subchapter D with the Governor of the State in which the worker's firm or subdivision is located. Upon receipt of the petition, the Governor shall notify the Secretary of Labor. Within 10

days
thereafter, the Governor shall make a preliminary finding as to
whether the petition meets the certification criteria and
transmit the petition, together with a statement of the finding
and reasons therefor, to the Secretary for action. If the
preliminary finding is affirmative, the Governor shall ensure
that rapid response and basic readjustment services authorized
under other Federal law are made available to the workers.

Within 30 days after receiving the petition, the Secretary
must determine whether the petition meets the certification
criteria. Upon an affirmative determination, the Secretary
shall issue to workers covered by the petition a certification
of eligibility to apply for comprehensive assistance. Upon
denial of certification, the Secretary shall review the
petition to determine if the workers meet the requirements of
the TAA program for certification.

Certified workers under the NAFTA program receive
employment services, training, trade readjustment allowances,
and job search and relocation allowances in the same manner and
to the same extent as workers covered under a TAA
certification, with the following exceptions: (1) the total
amount of payments for training costs for any fiscal year shall
not exceed $30 million; (2) with respect to TRA benefits, the
authority of the Secretary of Labor to waive the training
requirement does not apply with respect to payments under
subchapter D; and (3) to receive TRA benefits, the worker must
also be enrolled in a training program approved by the
Secretary by the later of the last day of the 16th week of the

worker's initial UI benefit period or the last day of the 6th week after the week in which the Secretary issues a certification covering the worker. In extenuating circumstances, the Secretary may extend the time for enrollment for not more than 30 days.

The NAFTA program took effect on January 1, 1994, the date the NAFTA entered into force for the United States. No worker can be certified as eligible to receive assistance under subchapter D whose last total or partial separation occurred before January 1, except for those workers whose last layoff occurred after December 8 (the date of enactment of the NAFTA Implementation Act) and before January 1 who would otherwise be eligible to receive assistance under subchapter D.

TRADE ADJUSTMENT ASSISTANCE PROGRAM FOR FIRMS

Sections 251-264 of the Trade Act of 1974, as amended, contain the procedures, eligibility requirements, benefits and their terms and conditions, and administrative provisions of the trade adjustment assistance program for firms adversely impacted by increased import competition. The program is administered within the Department of Commerce by the Economic Development Administration. Amendments in 1986 under the COBRA 86 eliminated financial assistance (direct loan or loan guarantee) benefits, increased government participation in technical assistance, and expanded the criteria for firm certification.

Program benefits consist exclusively of technical assistance for petitioning firms which qualify under a two-

step procedure: (1) certification by the Secretary of Commerce that the petitioning firm is eligible to apply, and (2) approval by the Secretary of Commerce of the application by a certified firm for benefits, including the firm's proposal for economic adjustment.

To certify a firm as eligible to apply for adjustment assistance, the Secretary must determine that three conditions are met:

1. A significant number or proportion of the workers in the firm have been, or are threatened to be, totally or partially laid off;

2. Sales and/or production of the firm have decreased absolutely, or sales and/or production that accounted for at least 25 percent of total production or sales of the firm during the 12 months preceding the most recent 12-month period for which data are available have decreased absolutely; and

3. Increased imports of articles like or directly competitive with articles produced by the firm have ``contributed importantly'' to both the layoffs and the decline in sales and/or production.

Potential eligibility coverage includes firms that engage in exploration or drilling for oil or natural gas.

A certified firm may file an application with the Secretary of Commerce for benefits at any time within 2 years after the date of the certification of eligibility. The application

must include a proposal by the firm for its economic adjustment. The Secretary may furnish technical assistance to the firm in preparing its petition for certification and/or in developing a viable economic adjustment proposal.

The Secretary approves the firm's application for assistance only if he determines that its adjustment proposal (1) is reasonably calculated to make a material contribution to the economic adjustment of the firm; (2) gives adequate consideration to the interests of the workers in the firm; and (3) demonstrates that the firm will make all reasonable efforts to use its own resources for economic development.

Benefits

Technical assistance may be given to implement the firm's economic adjustment proposal in addition to, or in lieu of, precertification assistance or assistance in developing the proposal. It may be furnished through existing government agencies or through private individuals, firms, and institutions (including private consulting services), or by grants to intermediary organizations, including 12 regional Trade Adjustment Assistance Centers (TAACs). The Federal Government may bear the full cost of technical assistance to a firm in preparing its petition for certification. However, the Federal share cannot exceed 75 percent of the cost of assistance furnished through private individuals, firms, or institutions for developing or implementing an economic adjustment proposal. Grants may be made to intermediate organizations to defray up to 100 percent of their administrative expenses in providing technical assistance.

The Secretary of Commerce also may provide technical

assistance of up to $10 million annually per industry to establish industrywide programs for new product or process development, export development, or other uses consistent with adjustment assistance objectives. The assistance may be furnished through existing agencies, private individuals, firms, universities, and institutions, and by grants, contracts, or cooperative agreements to associations, unions, or other nonprofit organizations of industries in which a substantial number of firms or workers have been certified.

Funding

Funds to cover all costs of the program are subject to annual appropriations to the Economic Development Administration of the Department of Commerce from general revenues. For fiscal year 1994, a total of $10.0 million has been appropriated to the program.